

PRESS RELEASE

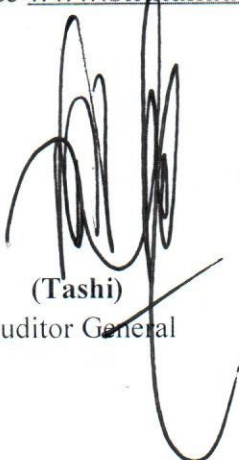
In accordance with Article 25.5 of the Constitution of the Kingdom of Bhutan and Chapter 6, Section 115 & 116 of the Audit Act of Bhutan 2018, the **Performance Audit Report on the Operations of State Mining Corporation Limited** has been submitted to the Druk Gyalpo, the Prime Minister and Parliament, and for tabling in the Joint Sitting of the Parliament.

The Royal Audit Authority conducted the Performance Audit of the Operations of State Mining Corporation Limited to assess operational efficiency and effectiveness in achieving the mandates.

Recognising the potential of the mining and quarrying sector to contribute significantly to the GDP, the government has prioritised mining as one of the five key sectors for development, alongside hydropower, tourism, cottage & small industries, and agriculture. Mining operations were initially carried out by the government but gradually privatised over the years. In December 2014, the State Mining Corporation Limited (SMCL) was established as a subsidiary of Druk Holding and Investments (DHI) and took over some captive mines. SMCL was established with the objective of fostering a profitable, environmentally friendly, and socially responsible mineral industry.

While noting considerable growth in assets, net worth, revenue, and profits since its inception, the RAA noted gaps and shortcomings in its operations, indicating opportunities for improvement. From the need to have clarity of its strategic intents and business strategies aligned to AoI and DHI roadmap to achieving operational efficiency and managing performance, the company needs to reinforce its strategies to enhance its overall financial performance. Further, the company needs to focus on HR strategies to build and sustain a competent and motivated workforce, as well as enhance compliances with occupational health and safety standards for workers and environmental regulations.

The Report is available on the RAA website www.bhutanaudit.gov.bt



(Tashi)
Auditor General

Date: 4th July 2024